R. S. IX-5]

Previous references.

1916-17
(Sany)

File No. 4(6)-16.

Serial Nos. 1

Later references.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1

Part B for June, 1916.

SUBJECT.

Submits for Sanction a draft Bill for the Relief of indebted Agricul in the Malnad Portions of the State

(P. 10/C)

BJ m/u
BCS
14/9

W D 88—GPB—50,000—24-7-16

GENERAL AND REVENUE SECRETARIAT.

(Spinning)

NOTES.

File No. 4-(4)/16

Draft bill for the

FILE HEADING.

Establishment of State aided Land Banks in the Malnad

From

The Secretary, Central Committee, Shimoga District

No. 1/2 Dated 22.6.16 Received 4.7.16

Diary No. 12480/27	Enclos.	Spare Copies.	Serial No. 1

BRIEF ABSTRACT OF LETTER.

Submits for sanction a draft bill for the relief of indebted agriculturists in the Malnad portions of the State

NOTES AND ORDERS.

The Sub Committee appointed to formulate the scheme have proposed that indebted persons should be entitled to sue or apply to the Civil Courts for a decree that will enable them to pay up the amounts found due by them in easy instalments. Submitted with Appx. Branch III on the draft bill.

NOTES—First Sheet.

General and Revenue Secretariat.

Govt File No. 461 of 1916-17

Serial No.

Jdis. 146-16.

Submitted for orders.

20.7.16

22/7

It will be worth while to have the bill [illegible] before [illegible]

24/7/16

Subd.

11/8/16

2 Please put up the Dekhan Agriculturists Relief Act ~~with~~ (in the Bombay Code)

8/8/16

Mag U.

3 The Bombay Codes containing the Dekhan Agriculturists Relief Act XVII of 1879 together with the later amendments are put up.

11/8/16

4 There are only 3 Sections of importance in the proposed Bill. It is not clear whether the "debt" referred to in ~~the~~ Section is intended to include "mortgage debts" also. If then ~~same~~ under Order XX R 11 of the Civil Procedure Code,

"When, and in so far as decree is for the payment of money, the Court may for any sufficient reason at the time of passing the decree, order that payment of the amount decreed shall be postponed or shall be made by instalments with or

NOTE—Contn. sheet.

GPB—70,000—17-12-15

without interest, notwithstanding anything contained in the contract under which the money is payable.

(2) After the passing of any such decree the Court may, on the application of the judgment-debtor and with the consent of the decree-holder order that payment of the amount decreed shall be postponed or shall be made by instalments or such terms as to the payment of interest &.... as it thinks fit."

10 Thus in cases of decrees for payment of money only, there is no difficulty as the Court may for sufficient reason pass a decree for payment by instalments with or without interest. After decree, the Court has limited powers now and no order can be passed made for payment by instalments nor can payment be postponed except with the consent of the decree-holder. If sufficient representations are made to the Court at the time of passing the decree, the necessity for subsequent alteration becomes unnecessary. Thus if the word "debt" is intended to apply only for ordinary debts, and not mortgage debts, the existing law is enough, and no legislation

NOTE—Contn. sheet.

GPB—70,000—17-12-15

General and Revenue Secretariat. | Law File No. 4 (4) of 191 6.-7

5

Serial No.

necessary for this slight modification referred to above in cases of instalments required after the decree.

If, on the other hand, the benefit is required even for mortgage debts, then amendment of law is necessary. Postponement of payment in such cases can be even now brought under Order XXXIV. But if special powers are necessary, then the law requires amendment, and a draft Bill will be prepared in the Legislative Secretariat.

Sd
21/8

Sd/ IV)
6 Submitted for orders - If legislation is
Sd/ 24. 26.8.16 to be resorted to the papers will be refd to Sec III. Sd/ 28/8-16
Sd. Secy.) —

9 Slip | 7 Please open two separate files - one for Land Bank & the other for special legislation for the relief of indebtedness and submit in 2 days

Secy
21/8

Please open two files as required & submit in 2 days.
Sd.
21.8.16

4(a) of 16 } 4(b) — } 9 Submitted with two separate files as directed
Sd/
23.8.16
Sd 10 S. 16 of the Draft Bill relating

NOTE—Contn. sheet

G. R. S. 12]

General and Revenue Secretariat. | Gen File No. 4/6 of 1916-17

Serial No.

to "amendment of decrees already passed, as it stands, may be deemed to be applicable to all decrees, and may possibly be construed to have a retrospective effect

If the Regulation is not intended to affect decrees already passed before the Regn, this point may perhaps be made clear by expressly providing that the Ryot may apply for amendment of decrees passed subsequent to the date of the Regn

The Dekkhan Agriculturists' Act, however provides for all kinds of decrees (S. 20)

2 Perhaps, the addition of one more section abolishing the arrest & imprisonment in execution of decree for money (vide S. 21 of the Dekh: Agrs: Act) — at least in cases in which the decree amount does not exceed Rs: 100/- seems to be very desirable Consider the deplorable condition of the Ryots in the Malnad, although it found omitted in the Draft Bill

D. M.
23.10.16

Gen: Secy)

Letter No. 112 dated the 22nd June 1916 from the Secretary, Central Committee, Malnad Improvement Scheme, Shimoga District, to the Secretary to Government, General Department.

---oOo---

I have the honor to state that the questinn of the relief of agriculturists in the malnsd from avoidable indebtedness has been engaging the attention of the Central Committee for the improvement of the Malnad for a long time and the establishment of the State Aided Land Banks is considered necessary to this end. The Central Committee at its meeting held on the 4th October 1915 at Tarikere resolved that a sub committee consisting of six members be appointed to discuss and formulate a scheme for the establishment of Land Banks.

2. The Sub Committee held two meetings and formulated a scheme for the establishment of Land Bank for the Malnad after a --- thorough discussion of the subject and submitted a report ~~xx kka~~ enclosing a draft bill on the Relief of Indebted Agriculturists in the malnad and also a scheme for the establishment of a Land Bank for the malnad.

3. The report of the Sub-Committee was placed before the ---- Central Committee at its meeting held on the 2nd June 1916 and that body resolved that the draft bill and the draft scheme for the establishment of a Land Bank be submitted to Government for early sanction. A copy of the resolution of the Central Committee is herewith submitted for perusal together with the copy of the report of the Sub-Committee containing the draft bill and the draft scheme referred to above.

4. The establishment of a State Aided Land Bank and the passing of a special legislation of the kind referred to by the Central Committee are calculated to serve as a measure of great relief to indebted agriculturists in the malnad. Under the circumstances

I have the honor to request that early sanction of Government may kindly be obtained for the establishment of a Land Bank and the passing of the special legislation referred to above.

(Sd) S. R. Appanna Gounar

Secretary to ~~Government~~, Central Committee.
~~General Department.~~

"Copy"

Letter No.112, dated the 29th June 1916, from the Secretary, Central Committee, Malnad Improvement Scheme, Shimoga District, to the Secretary to Government, General Department, Bangalore.

I have the honor to state that the question of the relief of agriculturists in the malnad from avoidable indebtedness has been engaging the attention of the Central Committee for the improvement of the malnad for a long time and the establishment of State Aided Land Banks is considered necessary to this end. The Central Committ at its meeting held on the 4th October 1915 at Tarikere resolved tha a Sub-Committee consisting of six members be appointed to discuss an formulate a scheme for the establishment of Land Banks.

2. The Sub-Committee held two meetings and formulated a scheme for the establishment of a Land Bank for the malnad after a thorough discussion of the subject and submitted a report enclosing a draft bill on the Relief of Indebted Agriculturists in the malnad and also a scheme for the establishment of a Land Bank for the malnad.

3. The report of the Sub-Committee was placed before the Central Committee at its meeting helf on the 2nd June 1916 and that body resolved that the draft bill and the draft scheme for the establishment of a Land Bank be submitted to Government for early sanction. A copy of the reäolution of the Central Committee is herewith submitted for perusal together with the copy of the report of the Sub-Committee containing the draft bill and the draft scheme referred to above.

4. The establishment of a State Aided Land Bank and the passing of a special legislation of the kind referred to by the Central Committee are calculated to serve as a measure of great relief to indebted agriculturists in the malnad. Under the circumstances, I have the honor to request that early sanction of Government may kindly be obtained for the establishment of a Land Bank and the passing of the special legislation referred to above.

Proceedings of the third meeting of the Central Committee for the Improvement of the malnad held at Arasikere on Friday 2nd June 1916

Subject No.XI.

Minutes of the Sub-Committee Meeting relating to the establishment of State Aided Land Bank.

Resolved that the draft bill and the draft scheme for the establishment of a Land Bank be submitted to Government for early sanction.

X X X

Sd/ K. Krishna Iyer,
Deputy Commissioner & Chairman
Malnad Improvement Committee.

"Extract"

Sd/- S.N.Appanna Iyengar,
Secretary,
Central Committee,
Malnad Improvement, Shimoga.

Report of the Sub-Committee appointed to discuss and formulate a scheme for the establishment of Land Bank.

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1. The Sub Committee held two meetings.

2. The Sub-Committee have carefully considered the subject ---red to them and have formulated the annexed scheme for the establishment of a Land Bank.

3. It will be noticed that the Sub-Committee are of opinion that the Land Bank should grant not only long term loans on the security of land but also short loans on the security of crop provide working capital for the estates mortgaged to the Bank order to prevent deterioration of these estates.

4. The Committee are further of opinion that the establi---ment of a Land Bank, as suggested in the scheme now submitted, will al- by itself materially improve the economic condition of the mal---nce ryots, since in the large majority of cases the lands held by th---ty ryots have been already mortgaged almost up to their full value - and no Land Bank can be expected to advance the money required to free such lands from the existing encumbrances. Moreover in many cases lands have passed from the hands of the original holders who owned and cultivated them, to the hands of money lenders. The --- original holders or their decendants continue to till the lands as tenants and they are so heavily indebted that all their labour barely suffice for their maintenance and for the payment of interest s due on their loans. Their condition thus is one almost of serfdom from which there is no prospect of emancipation. The Sub-Committee consider that the circumstances of the malnad demand and justify legislation of a special kind for the relief of indebtedness of both these classes of people. The Sub-Committee's proposal is that such indebted persons should be entitled to sue or apply to the Civil Courts for a decree that will enable them to pay up the --- amounts found due by them in easy instalments with or without - interest as the court, having regard to the course of transactions between the parties and actual circumstances of the debtor

deem fit to fix.

5. Special legislation of this kind to meet agrarian difficulties is not without precedent. The Deccan Agriculturists' Relief Act of Bombay is one on somewhat similar lines but much more drastic, as it gives very wide powers to the Courts in determining the amounts due by agriculturists to their creditors with the power even to go behind documents. The Sub-Committee however -- have made no proposals for any drastic measure. Existing contracts must be respected; rates of interest stipulated must be paid subject only to the provisions of section 74 of the Indian Contract Act. The only encroachment on the rights of creditors is that the Court should have discretion to order that the amount decreed as due from agriculturists should be repayable in instalments. Even this is not in point of fact a material interference with rights of creditors in the malnad since in the great majority of cases under contemplation the creditors have no expectation of getting back the principal of their loans and allow, and prefer, the loans to go on unpaid so as to give them the benefit of the labour and industry of the debtor. The Sub-Committee consider that the proposed measure of relief is absolutely necessary and have accordingly prepared a draft bill for the consideration of the Central Committee. The draft bill is as follows:-

Scheme for the establishment of a Land Bank for the Malnad

Share capital.

1. The share capital of the Bank shall provisionally be ten lakhs of rupees divided into 10,000 shares of Rs.100/- each, the shares to be called up in ten rupee instalments.

Nature and scope of the Bank.

2. The land mortgage Bank shall be Joint Stock Company with limited liability and shall be a nonprofit seeking concern but the share capital shall carry a dividend of not more than 6%

3. The business of the Bank shall be to grant (1) long term loans on the mortgage of land and (2) short loans to provide the working expenses of the mortgaged estates on the security of crops.

Working capital.

4. The working capital of the Bank shall be obtainable by (1) issue of bonds to the public (2) deposits and (3) loan or cash credits from Government.

Bonds.

5. The bonds issued by the Bank will be of two classes, (a) those redeemable by the holder after 10, 15 or 20 years (b) those not redeemable by the holder. All bonds shall be redeemable by the Bank after six months' public notice.

6. Bonds shall be issued only to the extent of loans granted on property mortgaged.

7. Deposits shall bear interest at 4 to 5% and shall be received only to the extent necessary to provide funds for short loans.

Interest on bonds and deposits.

8. Interest on bonds shall be fixed with reference to market conditions but may provisionally be taken at 5% for both classes of bonds.

Government guarantee for interest on bonds.

9. Payment of interest on both classes of bonds and of

capital on A class bonds shall be guaranteed by Government.

Loans.

10. The long term loans granted shall not be subject to recall.

11. Loans to borrowers shall not exceed 60% of the value of the property mortgaged as appraised by the Revenue Authorities or by the officers of the Bank.

12. No loans shall be given to the near relatives of the directors and officials of the Bank.

Limit of loans to be granted.

13. At least 75% of the total value of loans granted shall be loans of Rs.5,000/- and under.

Interest on loans.

14. Interest payable by the borrower shall be determined by the market conditions. For the present it may be put down at 7½% which should cover (a) interest on bonds and deposits (b) management, valuation and legal expenses and (c) dividend on share capital.

15. Excess realisations shall be credited to a reserve fund.

Sinking fund.

16. In addition to interest payable by the borrower, he should pay not less than 4½% which will go towards the formation of a sinking fund and bear interest at 5%.

17. In cases of loans above Rs.5,000/- the minimum payment towards sinking fund may be reduced to 3% and the Bank shall have the discretion in any year to reduce the amount of sinking fund contribution or to defer it in cases of wide spread failure of crops.

18. The borrowers' debt shall thus be automatically wiped out in due course.

19. Short loans may be advanced to provide the working expenses of estates mortgaged to the Bank so as to prevent them from deterioration. Such loans will be secured by the crop for the year and shall

not exceed 50% of the estimated value of such crop.

Procedure on non-payment of interest etc.

20. If payment is not made within one month of issue of notice of demand to the registered address of the borrower, the Revenue Authorities shall on requisition by the Bank, make distraint by summary process and may proceed against mortgaged property.

Annual inspection and valuation of lands.

21. Lands shall be inspected at least once a year at the cost of the Bank. If after such inspection, the outstanding portion of the loan is more than 60% of the valuation of the land mortgaged for the said loan, the excess shall at once be recoverable from the borrower.

Exemption from Registration and Stamp duty.

22. All transactions of the Bank shall be exempted from payment of Registration and Stamp fees.

Supervision.

23. The Bank shall be under the strict supervision of Government.

Preamble

Whereas it is expedient to relieve agricultural indebtedness in the malnad portions of the State, His Highness the Maharaja is pleased to enact as follows:-

Short Title

1. This Regulation may be cited as the Malnad Ryots' Relief Regulation.

Commencement.

2. It shall come into force on the first of July 1917.

Local Extent.

3. It extends to such malnad portions of the State as ma from time to time be notified by Government in the official gazette.

aition.

4. In this Regulation, Ryot means a person who holds land either as Registered occupant, co-occupant, co-sharer or tenant and whose sole or principal occupation is agriculture.

Ryot may sue for account.

5. A ryot may sue for an account of the debt due by hir including principal and interest and for a decree directing that the amount so found due shall be payable in instalments.

Ryot may apply for amendment of decree already passed.

6. A ryot against whom a decree has been passed may apply to the Court for an amendment of the decree, directing that the amount of the decree remaining unpaid shall be payable in instalments.

Powers of Court.

7. In a suit under section 5, or in an application under section 6, or in the case of a suit by the creditor of a ryot, on the application of the ryot for an account being taken of his debt, the court may direct payment of money found due by such ryot to be made in such number of annual instalments with or without interest as the Court, having regard to all the circumstances

of the transactions between the parties and the means of the type, may deem fit to fix.

(sd) K. Mathen, (Chairman)

C. Sreenivasa Rao.

S. K. Balakrishna Rao.

K. Ramaswami Rao.

S. K. Appanna Iyengar.

D. K. Neppen.